LAST REVIEWED: AUG 28, 2017

How does foreclosure work?

English

Español (cfpb.gov/es/obtener-respuestas/como-funciona-la-ejecucion-hipotecaria-es-287/)

Foreclosure processes differ by state. They are generally done in two ways. If done by filing a lawsuit, it is called "judicial foreclosure." In some states, the lender can foreclose without going to court, and that is called "non-judicial foreclosure." State foreclosure processes require that the borrower(s) be notified regarding the foreclosure proceedings. There are also other federal rules that may apply.

Foreclosure is when the lender takes back property when the homeowner fails

Tip

About us

We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.

Learn how the CFPB can help you (cfpb.gov/about-us/the-bureau/)

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to make payments on a mortgage. Foreclosure processes differ by state.

Typically, if you fall a few months behind on your mortgage payments, the foreclosure process may begin (although the process can begin earlier or later) (cfpb.gov/askcfpb/1849). Don't wait for the foreclosure process to begin. Reach out for help as soon as you think you might have trouble paying your mortgage (cfpb.gov/askcfpb/268).

Use this checklist (https://pueblo.gpo.gov/CFPBPubs/CFPBFileDnld.php?PubType=P&PubID=13131&httpGetPubID=0) for more information on how to avoid foreclosure.

The foreclosure process generally may proceed in one of these ways depending on your state:

- Judicial foreclosure. This requires that the process go through a court where the borrower can raise defenses.
- Non-judicial foreclosure. This is done without filing a court action and is carried out by a series of steps, including required written notices under a "power of sale" clause in the mortgage or deed of trust.

Foreclosure processes require that the borrower(s) be notified regarding the proceedings and generally involve giving public notice. State laws on giving notice and scheduling a foreclosure sale vary. Some states may also provide you with the right to mediation prior to foreclosure. **Be sure to read your mail and any legal notices carefully and act promptly on notices you receive.**

If you are having trouble paying your mortgage, you may have options (cfpb.gov/askcfpb/268).

You can use the CFPB's "Find a Counselor (https://www.consumerfinance.gov/find-a-housing-counselor/)" tool to get a list of counseling agencies in your area that are approved by the Department of Housing and Urban Development (HUD). You can also call the HOPE™ Hotline (cfpb.gov/askcfpb/263), open 24 hours a day, seven days a week, at (888) 995-HOPE (4673).

accuracy of this third-party information. There may be other resources that also serve your needs.

Don't see what you're looking for?

Browse related questions

What is a HUD-approved housing counseling agency, and how can they help me? (cfpb.gov/askcfpb/261)

What's the difference between a mortgage lender and a servicer? (cfpb.gov/askcfpb/198)

Learn more about mortgages (cfpb.gov/consumer-tools/mortgages/)

An official website of the United States government